

SOUTHERN ALLIANCE MINING LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201931423D)

UPDATE ON THE USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND DISCLOSURE PURSUANT TO RULES 705(6) AND 705(7) OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") LISTING MANUAL SECTION B: RULES OF CATALIST (THE "CATALIST RULES")

The board of directors (the "**Board**") of Southern Alliance Mining Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement on 9 September 2020, 19 October 2020, 11 November 2020, 22 January 2021, 11 June 2021, 13 December 2021, 13 June 2022, 13 December 2022, 12 June 2023 and 14 December 2023 in relation to the use of the net proceeds from its initial public offering ("**IPO**") and its financial results announcements on 15 March 2024 for the half year ended 31 January 2024 (collectively the "**Announcements**").

Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings as defined in the Announcements.

The Board wishes to provide an update on the use of the IPO Net Proceeds as at the date of this announcement, as follows:

Use of IPO Net Proceeds	Amount re-allocated on 22 January 2021	Amount utilised (Per the Announcements)	Amount further utilised as at the date of this announcement	Balance as at the date of this announcement
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Further exploration activities	4,000	(4,000)	-	-
Investment into mining equipment and infrastructure	3,000	(3,000)	-	-
Acquisitions, joint ventures, strategic alliances and/or development of new mines	1,000	(1,000)	-	-
General working capital purposes	3,937	(3,392)	(188) ⁽¹⁾	357
Total	11,937	(11,392)	(188)	357

Notes:

- (1) S\$188,000 was utilised as working capital of the Company to pay its ongoing professional expenses, payroll, director related expenses and bank charges.

The use of the IPO Net Proceeds is in accordance with the intended use as disclosed in the Offer Document dated 16 June 2020, and re-allocated in accordance with the Company's announcement dated 22 January 2021. The Company will continue to make periodic announcements via SGXNet on the utilisation of the balance of the IPO Net Proceeds as and when such proceeds are materially disbursed. The Company will also provide a status report on the use of the IPO Net Proceeds in its annual report(s) and financial results announcement(s).

Use of funds/cash by mineral, oil and gas companies pursuant to Rule 705(6)(a) of the Catalist Rules

Pursuant to Rules 705(6) and 705(7) of the Catalist Rules, the Board wishes to announce the following for the third quarter ended 30 April 2024 ("3Q FY2024").

For the purpose of this section, the Group's disclosure is on exploration cost (excluding depreciation) and the ex-mining cost (costs that are directly attributable to the mining activities excluding amortisation and depreciation as well as sales and related cost and cost related to the land).

(i) Use of funds/cash for 3Q FY2024:-

Activities	3Q FY2024		
	Projected RM'000	Actual RM'000	Variance RM'000
Mine exploration and evaluation	1,000	604	(396)
Mining related expenditure (excluding capital expenditure)	25,000	25,020	20
Total	26,000	25,624	(376)

Exploration activities

Exploration activities generally refer to the investigative works to investigate for the presence of ore for eventual economical extraction.

Our Group strongly believes that the investment in an exploration program will provide the Group with valuable information to make an informed decision in respect of the mining plan of a particular mine or a decision to proceed, modify or abort an exploration program for an exploration target. This is also in line with the responsible mining values advocated by our Group.

Included in the mine exploration and evaluation are the exploration and evaluation ("E&E") cost incurred at the Chaah Mine and the Tenggaroh Prospect amounting to RM0.2 million and RM0.4 million respectively. No material variances were reported during the reporting quarter as works were carried out as planned.

Mining activities

Mining activities generally involved the extraction of ore, either via open pit mining which involves the excavation and removal of overburden (waste) and extraction of ores in accordance with the design of the mine pit (open pit mining), or underground mining which involves the construction of a network of tunnels to extract the ore without involving full scale land clearing like the open pit mining method. However, effective from September 2023, our Group has adopted underground mining technique for our Chaah Mine.

The extracted ores will be sent for crushing into smaller sizes, approximating 16 mm before they are further processed through a ball mill. The concentrating process via ball mill revolves around grinding of the crushed iron ore into powder size in order to remove the impurities (waste) from the iron content of our iron ore.

All the mining related expenditure are the expenditure incurred for the mining works at the Chaah Mine. The Group is still continuing with the tunnel development works during 3Q FY2024.

(ii) **Projection on the use of funds/cash for the next immediate quarter, including material assumptions: -**

Activities	Projection for 4Q FY2024 RM'000
a. Mine exploration and evaluation	800
b. Mining related expenditure (excluding capital expenditure)	25,000
Total	25,800

The allocation for mine exploration and evaluation included:

- a) provision for professional service to establish underground mining mineral resources and ore reserves for Chaah Mine; and
- b) continuation of the exploration of the Tenggara Prospect.

There is no material change to the projection on the use of fund.

Negative confirmation by the Board pursuant to Rule 705(6)(b)

The Board hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the above information provided false or misleading in any material aspect.

Rule 705(7) of the Catalist Rules

Details of exploration (including geophysical surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

Exploration activities

It is our Group's philosophy to place attention to the exploration activities, not only to derive the potential value it will create, but more importantly its ability to keep our operations sustainable which is in line with the sustainable mining value advocated by our Group. As such, we invested a lot of effort and financial resources into exploration activities.

(i) **Chaah Mine - Development Stage**

During the Q3FY2024, our geologists continue to map the geological structure exposed due to the ongoing tunnel development works. The mapping activities focus on five (5) levels of tunnel to define the new structure controlling the ore shape which are summarised in the table below. It's a progressive work based on the tunnel development.

Level	Region	Adits	Type of structure
-23.5	North	AT01SW, MT03N	Fault, Joints, Bedding
-42	North	AA01, AT01	Fault, Joints, Bedding
-57	North	MT01, MT04, AT02, AT03, AT04, AT05, AT06, AT07, AT10, AT11, VAT01	Fault, Joints, Bedding
-72	North	MT01, MT03, AT02, AT03, AT04, AT06, AT08, AT09, AT10, AT11	Fault, Joints, Bedding
-87	South	MT01, MT06, MT09	Fault, Joints, Bedding

Channel sampling method was used as part of the underground mapping works. It involves collection of small chips of rock over a specified linear interval through a series linear channels across the vein or orebody with the objective of obtaining the most representative samples possible along the exposed ore body. Sample intervals are set at 10m width but limited to the lithology changes between hematite and andesite (waste material). During the Q3 FY2024, a total of 140 channel samples were collected and sent through inspectorate lab in Kuantan for further analysis which shown in the table below:

Reference Number	Sample ID		Total sample
	From	To	
MYKTL-24-00044	12431	12481	51
MYKTL-24-00085	12482	12527	46
MYKTL-24-00100	12528	12570	43
Total			140

All results are available and were sent to our competent person to update the mineral resource database.

Our geologists together with the competent person are focusing on updating the global resources model for the mining engineer to come out with Mineable Stope Optimizer (“MSO”).

Airborne Survey

An airborne survey was conducted in early February 2024, covering an area of 12.5 square kilometres as shown in Figure 1.

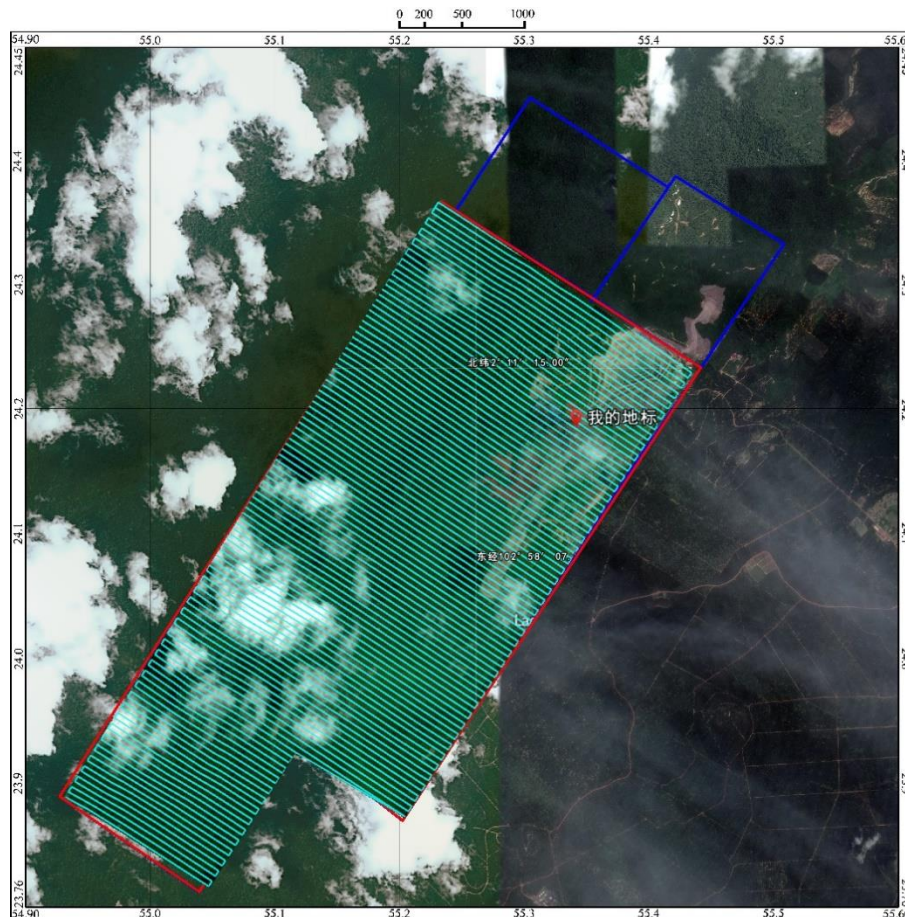


Figure 1: UAV aeromagnetic survey line layout in Chaah mine area.

The magnetotelluric method (EH4) is used to identify the potential ore deposits based on their low resistivity characteristic and high polarization anomaly. It measures the chargeability of the targeted ground by studying the ground response to the voltage when electric current is applied and removed from the said ground. Three anomaly ore zones, designated as No. a, b, and c, were identified in the extension direction further to the north-northwest of the existing ore body (see Figure 2). Our Group plans to carry out further investigative works including mapping and drilling to better understand the geological interpretation and explanations.

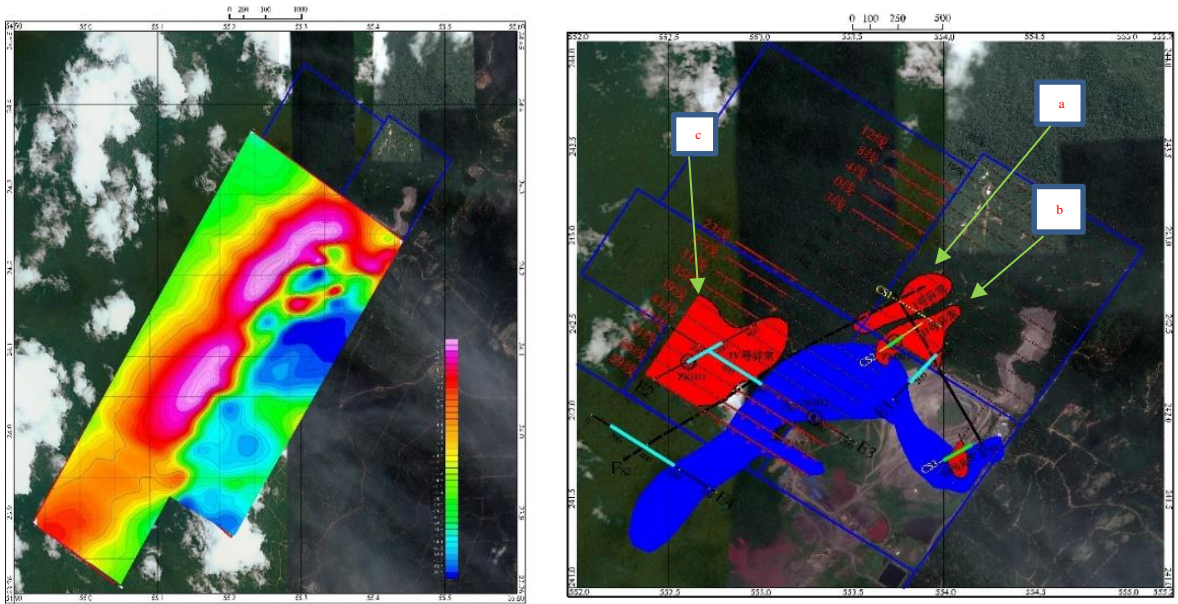


Figure 2: Chaah mine airborne magnetic survey ΔT red reverse contour plan (left) and anomaly a, b & c distribution which controlled by the fault structure (right)

(ii) ML 1/2018 and ML 1/2021 (Mao'kil Prospect)

No drilling activities were undertaken during this period as the Group temporarily halted the drilling program for ML 1/2018 as the present focus is to expedite the exploration program for our Chaah Mine. Exploration activities on the adjacent mining lease area under ML 1/2021 have not commenced.

(iii) ML 1/2019 (Chaah Baru Prospect)

We have previously completed the pitting activity revealed the presence of low Fe content mineralisation layer closer to the surface. However, our Group decided not to proceed with deep hole exploration as we are focusing on the investigative works at Chaah Mine.

(iv) ML 2/2019 (Kota Tinggi Prospect)

No drilling activities were undertaken during this period as the Group has appointed a contractor to undertake preliminary mining activities at this area.

(v) **L.C.S.4326.319/(84)/(PA/DC/dc) (Tavai Prospect, which is located at Tongod District, Sabah) – 50 km²**

Our Group has obtained an occupational permit (OP), issued by Sabah Forestry Department with a validity until 3 March 2025. An OP is required before we are allowed to bring in machinery to construct access road. Our Group has submitted an exploration programme to Sabah Forestry Department detailing our proposed exploration activities and we are waiting for the issuance of "Permit Kajian" before we are allowed to proceed with the construction of access road for wider access to the exploration area.

Thereafter, our geologist team will verify and access the presence of nickel, cobalt and iron ore in the prospecting area as previously reported.

As the exploration license is expiring on 7 July 2024, an application for the extension of the prospecting licence has been made.

(vi) **L.S.C.4326.307/(95)/(RRM/DC/dc) (Bidu-Bidu Prospect, which is located at Beluran District, Sabah) – 45km²**

The results assay from sampling have been obtained and shown the potential presence of gold and copper minerals in the prospecting area. A literature review based on past research (Smith, 1967) reported occurrences of mineral resources in the area, including copper, chromite, iron, and other minerals.

The group is still awaiting approval for the "Permit Kajian," which is necessary to enable further exploration with machinery and the construction of a base camp at the project site.

The plan for the next quarter is to secure an extension of the prospecting license which has expired on 10 May 2024, allowing geologists to verify past research and determine the anomaly reserve in the prospecting area.

(vii) **EL 1/2022 (Tenggaroh Prospect)**

A total of seven (7) drill holes with total length of 773.8 meters were completed in Q3 FY2024 (to date total is twenty- four (24) drill holes with length of 3,416 meters). A total of 1,193 samples were sent for assay during the period and a total of 784 samples results were obtained during this reporting period. Out of 784 samples that are obtained to date, 215 samples or about 27.4% of the samples showed significant results (which is above 0.10 gram / tonne), which suggested the covered area has potential for gold mineralisation. Please refer to the table below for the summary.

	<u>Current Reporting Period</u>	<u>Total To date</u>
<u>Exploration Drillings</u>		
Drill holes completed (nos)	7	24
Total length (meters)	773.8	3,416.00
<u>Assays</u>		
Samples sent	1,193	2,740
Results obtained	784	2,331
Results pending	409	409
Significant result (Total to date)	215	559
<i>Significant result is defined as gold assay of more than 0.10 gram/tonne</i>		

The above positive findings and development are encouraging and the Group will continue with the additional drill holes as per the planned drilling program in order to gain more data to produce initial mineral resource model.

The Group plans to add another 19 drill holes with an estimated length 2,850 meters for the next 12 months (as per the table below). The plan for 4Q FY2024 is to complete the drilling for 5 holes with an estimated length of 750 meters.

Plan for the next quarter is to start exploration activities on plot PTD216 (EL 1/2022) which is located at eastern part of Johor, under Mukim Jemaluang & Tenggaraoh, district of Mersing. The project area covers 5,495 acres.

This exploration plan phase 1 comprises 5,000 sampling of selective pitting and channels to verify the Geological Survey Department (GSD) of geochemical sampling data that was conducted in early 1992 and completed in late 1994. The result showing the presence of gold from 0.2 ppm to over 5 ppm in a total of 24 samples.

The mineralization was identified with supporting information obtained from aerial photography, Landsat images, geophysics, airborne magneto metric result & the findings of previous prospecting activities. This exploration plan will delineate the resources of the area and will be a major step towards securing a Mineral Resources Estimate according to the Joint Ore Reserve Committee (JORC) code.

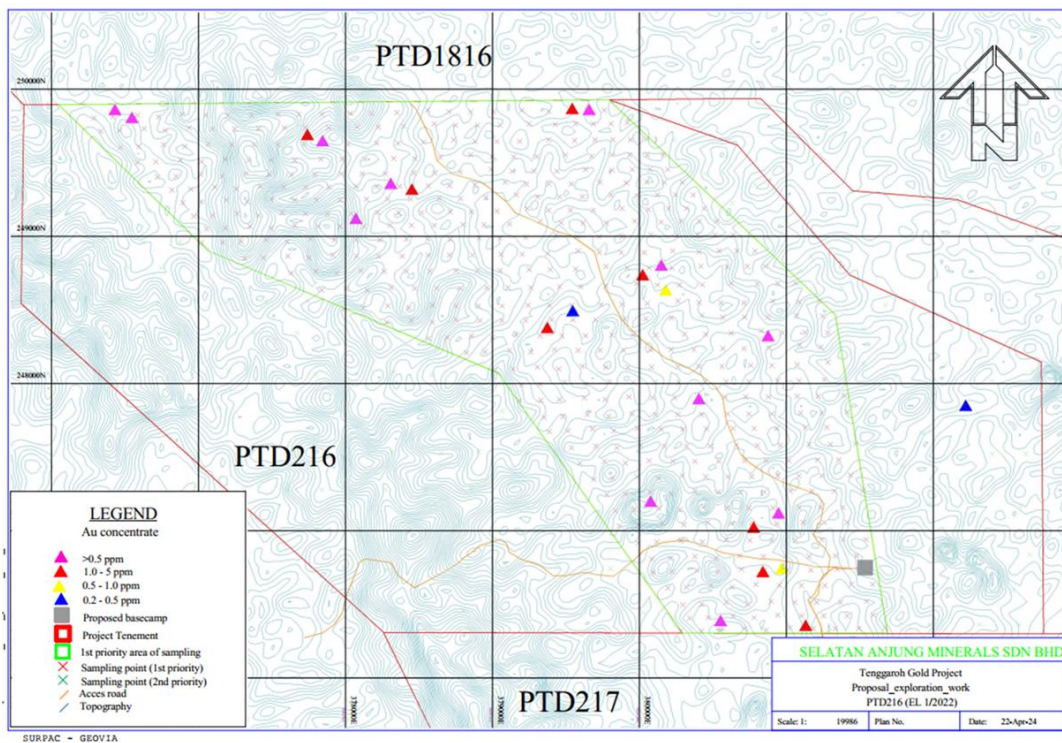


Figure 4: Proposed sampling & geochemical sampling that was conducted by GSD in year 1992

Mining activities

Chaah Mine

As reported in the previous 2Q FY2024 report, the Chaah Mine continues to develop the underground tunnel. We adopt modified combined methods of sub-level caving method and room and pillar method for Chaah Northern Part, whilst utilizing room and pillar mining method for Chaah Southern Part.

During this reporting period, the development works for the tunnelling system for both Northern and Southern Parts of Chaah Mine are still ongoing with continued development at level -42mRL and -103mRL for northern area, whilst concurrently, the south area had also started development at level -103mRL and -112mRL. This brings a total of 9 levels of tunnel for combined northern and southern area. Table below shows the tunnel levels summary for northern and southern area of Chaah Mine.

Chaah Mine	
Northern area	Southern area
-23.5mRL	-87mRL
-42mRL	-103mRL
-57mRL	-112mRL
-72mRL	
-87mRL	
-103mRL	

Table 1: Summary of levels of tunnels

In addition to above mentioned development work, Level -23.5mRL of northern area are about to commence production stage works as development works is already completed.

About 148,211 tonnes of ore were extracted during the development work during the reporting period (9M FY2024: 502,211).

During 3Q FY2024, total ore processed was 142,000 tonnes (9MFY2024: 547,000 tonnes) resulting in production of 80,000 tonnes (9MFY2024: 245,000 tonnes) of iron ore concentrates.

Kota Tinggi Prospect

During 3Q FY2024, no ore were processed (9M FY2024: 35,000 tonnes of iron ore) from the tailing and no realized sales revenue in 3Q FY2024) (9M FY2024: RM6.6 million).

Save for the above, no mining activities were carried out for other prospect areas in 3Q FY2024.

BY ORDER OF THE BOARD

Dato' Sri Pek Kok Sam
Managing Director

Lim Wei Hung
Executive Director and Chief Operating Officer

07 June 2024

This announcement has been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.